

Minutes of the Finance Committee

Wednesday, May 16, 2012

Chair Haukohl called the meeting to order at 8:30 a.m.

Present: Supervisors Pat Haukohl, Richard Morris, Dan Draeger, Cathleen Slattery, Bill Zaborowski, Pamela Meyer, and Larry Nelson.

Also Present: Chief of Staff Mark Mader, Legislative Policy Advisor Sarah Spaeth, Chief of Staff Shawn Lundie, Engineering Services Manager Gary Evans, Principal Financial Projects Analyst Bob Ries, County Clerk Kathy Nickolaus, Administration Director Norm Cummings, Senior Financial Analyst Bill Duckwitz, Parks System Manager Duane Grimm, Senior Civil Engineer Leif Hauge, Journal/Sentinel Reporter Laurel Walker, Senior Financial Analyst Danielle Igielski, Emergency Management Coordinator Bill Stolte, Emergency Preparedness Director Rich Tuma, Sheriff Dan Trawicki, Deputy Inspector Jim Gumm, Business Manager Lyndsay Johnson, Clerk of Circuit Courts Kathy Madden, Budget Manager Keith Swartz, and Register of Deeds Jim Behrend. Recorded by Mary Pedersen, County Board Office.

Approve Minutes of 5-2-12

MOTION: Morris moved, second by Draeger to approve the minutes of May 2. Motion carried 7-0.

Schedule Next Meeting Dates

- May 22 (6:15 p.m.)
- June 6 (8:30 a.m.)

Chair's Executive Committee Report of 5-14-12

Haukohl highlighted the following items discussed at the last Executive Committee meeting.

- Discussed the Executive Committee's duties and responsibilities as outlined in the County Code.
- Approved the three appointments that were included in the last set of County Board referrals.
- Heard a presentation on the Wisconsin River Rail Transit Commission. The County contributes \$26,500 annually for upkeep of the public track. While the trains are private, the rail helps keep heavy weight trucks off our roadways.
- Discussed current and potential roles of the county board chair and vice chairs. This will be an ongoing discussion.
- Heard standing committee reports. During the Public Works Committee, Public Works Director Allison Bussler discussed the potential loss of additional Federal transportation funds and how this would affect the County budget next year.
- Spaeth advised State ad hoc committees will be meeting this summer. She will keep the committees informed as issues develop.

Review Correspondence

Copies of the Finance Committee's monthly reports schedule were distributed for informational purposes.

Ordinance 167-O-008: Laying Out, Relocation And Improvement Of County Trunk Highway VV, Waukesha County Project, Project I.D. 2753-06-71, CTH Y To Jackson Drive, Village Of Menomonee Falls, Waukesha County, And Sale Of Excess Right Of Way

Evans discussed this ordinance as outlined which identifies right-of-way acquisitions for the reconstruction of CTH VV (Silver Spring Road), included in Capital Project #200608. Sufficient funds are included in the budget to acquire the house and land covered by this ordinance. The ordinance also authorizes the sale of excess property with the sale proceeds estimated at \$180,000 to be accounted for in the general fund. The house will be sold after the right-of-way is complete.

Evans explained for these types of projects, the County either buys strips of land or if a dwelling exists within the needed land, the County would purchase the dwelling and relocate the tenants. In this instance, the dwelling is very close to the new right-of-way but not within it, perhaps five or six feet. When this happens, the County must consider what is called proximity damages at which time a determination must be made as to whether the County should purchase the dwelling and relocate the tenants and then sell the house or risk a lawsuit which could become even more expensive.

To answer Haukohl's question, Evans did not believe this roadway will require future expansion resulting in further encroachment on the property. However, if it does it would be many, many years from now. To answer Slattery's question, Mader said it was his understanding this will result in an anticipated \$60,000 net cost for the County. Evans indicated that a lawsuit could result in an even larger cost and this is basically a risk management strategy.

MOTION: Zaborowski moved, second by Morris to approve Ordinance 167-O-008. Motion carried 7-0.

First Quarter Report on Investments

Ries reviewed the first quarter investments report which included information on investment highlights as of March 31, 2012; average daily balance; total County investment income, balances, and rates; portfolios by investment advisor and investment type, etc. The total return for the quarter was down 14 basis points from last quarter, to 0.53%. The main factor in the drop is that due to the County's cash flow trend, balances in the short term funds increased significantly from an average of \$18.3 million in the fourth quarter to an average of \$47.8 million in the first quarter. The increase in short-term funds is largely due to the receipt of proceeds from December and January property tax collection. Total interest earnings for the first quarter were \$1,020,051; down \$34,956 from the fourth quarter.

MOTION: Zaborowski moved, second by Draeger to accept the first quarter investments report. Motion carried 7-0.

Fund Transfer (County Clerk): Transfer Funds from the Contingency Fund to Operating Expenses

Nickolaus and Cummings were present to discuss the transfer of \$60,000 from the contingency fund to partially offset costs associated with the state legislative and gubernatorial recall elections, not anticipated in the 2012 adopted budget. During the summer and after all recall election costs are known, an ordinance will be proposed to transfer additional contingency funds to cover the remaining costs. It is anticipated that a total of about \$160,000 to \$220,000 will be needed. Cummings noted that \$60,000 is about 10% of the County Clerk's 2012 budget.

MOTION: Morris moved, second by Nelson to approve Fund Transfer 2012-042000-01, County Clerk's Office. Motion carried 7-0.

Educational Presentation on Waukesha County Bond Issuance

Mader said this item was placed on the agenda primarily to educate new committee members on the annual bond process. Next Tuesday before the County Board meeting, the Finance Committee will consider the ordinance to accept the winning bid (lowest true interest cost) which will have been chosen earlier that day. Cummings distributed information on municipal and Wisconsin debt, general obligation bonds, the 2012 capital projects budget, the debt planning process, structuring a bond issue, cash flow analysis, types/methods of bond sales, the County's 2012 financing plan, and information from Moody's on the County's Aaa bond rating.

Cummings believes this year's interest rate will be the lowest ever. He noted last year's rate was 1.81%, the lowest up until this point. This year's bond will be the largest and used for public purpose capital projects. Last year's bond was for \$20 million but almost \$10 million was for refinancing. Cummings indicated we have been preparing for this bond for years, basically saving a portion of the current assets to pay off some of this debt. The length of each bond is typically ten years. In Wisconsin, counties are limited to 5% of the equalized market value (amount of debt divided by the tax base) – we can only debt up to 5%. The County is currently at less than 0.5% and if at 5%, we would not have our Triple A bond ratings. The County's policy dictates that debt service will never become more than 10% of the operating budget. The current rate is about 7%. With a few exceptions, the County's bonds are sold through a competitive process, with input from Robert W. Baird & Company, our financial advisor. Cummings went on to explain how and when the funds will be paid back and anticipated savings due to favorable rates.

Ordinance 167-O-005: Accept And Appropriate Southeastern Wisconsin Fox River Commission Cost- Share Agreement For Mill Creek Gully Erosion

Hauge discussed this ordinance to accept and appropriate up to \$20,000 in cost share funding from the Southeastern Wisconsin Fox River Commission for maintenance work on the Mill Creek Greenway. The funds will be used in conjunction with existing 2012 appropriations of \$10,000 budgeted for this purpose as the County's cost share to address erosion repair needs. The estimated total cost of this project is not expected to exceed \$30,000. Hauge gave a PowerPoint presentation which included pictures of the creek, maps, and the proposed erosion repair plan.

MOTION: Meyer moved, second by Zaborowski to approve Ordinance 167-O-005. Motion carried 7-0.

Ordinance 167-O-010: Accept Homeland Security-Urban Area Security Initiative FY2010 Program Funding And Modify The Emergency Preparedness 2012 Budget To Appropriate Grant Revenues And Expenditures For Citizen Preparedness Activities

Stolte and Tuma discussed this ordinance which would allow the County to accept \$165,814 in Federal grant funds to support the County's participation in the Milwaukee Urban Area Security Initiative (UASI). The purpose is to enhance area capabilities to respond to, recover from, and mitigate against all-hazard emergency and disaster situations including both natural and man-made disasters or emergencies. Waukesha County will serve as the pass-through agent for the grant period ending June 30, 2013. The funds will go to the Southeast Wisconsin Citizens and Organizations Active in Disaster (SWCOAD) to carry out the functions required in the grant on behalf of Milwaukee and Waukesha counties. Tuma indicated future UASI funds are very limited

as we are no longer part of the UASI system. The Federal government has begun limiting these funds to more populous areas such as New York, Los Angeles, and Chicago.

MOTION: Draeger moved, second by Slattery to approve Ordinance 167-O-010. Motion carried 7-0.

Ordinance 167-O-009: Amend Sheriff's Department 2012 Budget Expenditure Of Office Of National Drug Control Policy Cooperative Agreement Funds

Trawicki, Johnson, and Gumm were present to discuss this ordinance which allows the County to accept \$37,000 in federal funding. Trawicki advised that \$33,000 will be appropriated in their 2012 budget and the remaining \$4,000 will be appropriated in their 2013 budget. The 2012 funds will be used to purchase a vehicle (\$25,000) and a body wire system (\$8,000), both to be used for investigation and enforcement activities in the Milwaukee High Intensity Drug Trafficking Area (HIDTA) which includes Waukesha County. On-going vehicle costs will be absorbed within current 2012 budget appropriations and future budgets from the Metro Drug units overall fleet operations budgets. The vehicle will not be included in the County's vehicle replacement fund for future replacement.

MOTION: Nelson moved, second by Draeger to approve Ordinance 167-O-009. Motion carried 7-0.

Year-end Report on General Funds

Swartz and Igielski were present to discuss the year-end general funds report as outlined. Departments managed to make significant expenditure reductions from budgets in anticipation of a very difficult budget environment in 2012 and future years. This is due to historic budget deficits at the State and Federal levels that will result in significant revenue reductions which will impact County services and a much slower and more difficult economic recovery process than in the past.

Those funds that showed favorable budget variances at year-end were Emergency Preparedness – Communication Center and Emergency Management (\$365,000); District Attorney (\$101,400); Medical Examiner (\$93,700); Sheriff (\$494,000); Corporation Counsel – Child Support Fund (\$67,800); Human Services (\$662,000); Human Services Public Health Division (\$89,300); Human Services Veterans Services Division (\$25,300); Human Services – Aging & Disability Resource Center (\$709,400); Parks & Land Use (\$177,300); UW-Cooperative Extension (\$52,400); Public Works (\$709,700); County Executive's Office (\$79,100); County Board Office (\$113,700); County Clerk's Office (\$37,100); Treasurer's Office (\$299,700); Administration (\$331,700); Corporation Counsel (\$100,200); and Non-Departmental (\$269,00). Those funds that showed unfavorable budget variances at year-end were Circuit Court Services (-\$223,400); Mental Health Center (-\$135,100); Human Services – Elderly Nutrition (-\$2,800); and Register of Deeds (-\$268,500).

MOTION: Zaborowski moved, second by Slattery to accept the year-end general funds report. Motion carried 7-0.

MOTION: Draeger moved, second by Morris to adjourn at 11:36 a.m. Motion carried 7-0.

Respectfully submitted,

William J. Zaborowski
Secretary